INDUSTRY NEWS

Briggs-Weaver expands inventory and begins distribution of electronics MRO supplies

DALLAS—Briggs-Weaver Inc. has added a new line of products to its inventory and the company will now be distributing electronics MRO supplies. The 87-year-old, 24-location firm has historically served the oil-related, manufacturing and defense industries.

The industrial distributor has added thousands of items representing over 150 manufacturers to its inventory. Items include antistatic and conductive materials, test equipment and accessories, soldering systems, computer care products, and precision tools.

Briggs-Weaver group vice president Ron Eitzen said that the fast-growing electronics field presents a major expansion opportunity for the distributor.

"While the energy industry seesawed its way through highs and lows over the past few years," Eitzen said, "the electronics industry has shown a steady 14% increase that seems destined to continue well past the '80s. Not only has the electronics industry itself grown, but electronics have made dramatic inroads into heavy industry as well."

According to the executive, the once clearly defined boundaries between electronics and heavy industry are becoming less distinct, and it is a natural progression for Briggs-Weaver to move into the electronics area. Microprocessors now control the feed rate and cutting depth of machine tools, and robots are becoming more common-place on the assembly line.

"We have had many items that were cross-over products useful to the electronics service industries," stated Bob DeHollander, electronics specialist, "but more and more demands were coming to us for a wider variety of products. It became apparent there was a demand and as a multi-line distributor we have been able to meet that demand with a large introductory inventory. Our move was further supported by the trend of customers toward one-source suppliers."

Because of acquisition costs, specifically high shipping costs, many companies purchasing the low-ticket consumables found in the electronics industry are turning to one-source purchasing, DeHollander said.

As a complement to the new line of electronics products, Briggs-Weaver is offering customers custom-assembled electronics tool kits. The kits range in size from 50 to hundreds of precision tools for electronics service and field technicians.

Most of the company's electronics inventory will be distributed out of the Dallas warehouse, but products will gradually be phased into the firm's other locations as the demand in their areas grows, Eitzen said. □

Construction equipment distributors predict expanding business for 1984

OAK BROOK, IL—Construction equipment distributors are expecting to serve an expanding market during 1984, according to their responses to a recent Associated Equipment Distributors' business outlook survey. About 300 U.S. and Canadian distributor members of the trade association participated in the survey.

Distributors expect median gross sales to jump 12% during 1984, building upon a median 7% increase during 1983. Optimism for this year holds true all across the U.S. and Canada and for distributors of all types of equipment and products. This forecast marks the first AED survey since the late 1970s to reflect such widespread confidence.

Based on this confidence, six of ten distributors said they plan to rehire or add employees this year. Some distributors that had shortened workweeks plan to resume normal schedules in 1984.

Almost half of the survey participants plan to add new product lines. These additions continue the trend first apparent at mid-year 1983 when about one-third of distributors in a similar survey said they were adding a new product group. Many distributors in this most recent poll said they will expand marketing efforts for newly acquired lines.

About one-third of the respondents anticipate investing in improvements or additions to their facilities to boost their capability for full customer service, and about 15% of the respondents expect to make other capital improvements, such as opening new branch locations.

Distributors across the board, 97% of all respondents to the AED survey, expect to record a before-tax-net profit in 1984. □

[continued on page 13]

Regional Outlook
1984 sales

Region	New Equipment	Used Equipment	Rentals	Parts	Service	Supplies
1 (New England)	+ 10.0%	+ 5.0%	+ 9.2%	+ 10.0%	+ 5.0%	+ 10.0%
2 (NJ, NY)	+ 10.0	+ 7.5	+ 10.0	+ 10.0	+ 10.0	+ 10.0
3 (Penn.)	+ 10.0	+ 10.0	+ 15.0	+ 10.0	+ 5.0	+ 10.0
4 (Mid-Atlantic)	+ 9.0	+ 10.0	+ 9.0	+ 10.0	+ 5.0	+ 10.0
5 (Southeast)	+ 10.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0
6 (Ky., Ohio)	+ 10.0	+ 6.5	+ 10.0	+ 10.0	+ 5.0	+ 7.5
7 (Midwest)	+ 10.0	+ 10.0	+ 10.2	+ 10.0	+ 10.0	+ 12.5
8 (Upper Midwest)	+ 10.0	+ 15.0	+ 5.0	+ 10.0	+ 10.0	+ 3.0
9 (Plains states)	+ 10.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0
10 (Ok., Texas)	+ 10.0	+ 10.0	+ 20.0	+ 10.0	+ 10.0	+ 10.0
11 (West)	+ 11.0	+ 8.5	+ 12.5	+ 10.0	+ 7.0	+ 7.5
12 (Pacific NW)	+ 5.0	+ 5.0	+ 7.5	+ 7.5	+ 10.0	+ 12.5
13 (South Central)	+ 15.0	+ 16.5	+ 10.0	+ 20.0	+ 15.0	Same
14 (Rocky Mountain)	+ 5.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0	+ 10.0
(Canada)	+ 5.0	+ 5.0	+ 10.0	+ 8.0	+ 5.0	+ 5.0

Median percentages
First Half 1984 vs. First Half 1983

INDUSTRY NEWS...

[continued from page 14]
that organized the leveraged buyout; members of the operations senior management; and a group of institutional investors comprised of Merrill Lynch Interfunding Inc., and First Capital Corp. of Chicago. Eaton will retain 10% of the Company

Yale will continue to headquarter and manufacture in Forrest City as well as produce its Little Mule product line and maintain its warehouse and distribution center in Ft. Lauderdale, FL. □

Daniels retires as head of Garrett Industrial Supply

LOS ANGELES, CA—Robert L. Daniels, corporate vice president and division manager and the senior employee worldwide of The Garrett Corp., credited with 45 years of service, has retired as of January 1, 1984. He is succeeded by David C. Duff, who was the assistant division manager of Industrial Supply.

Daniels was hired in June 1939 as a temporary helper, and later was permanently hired as a salesman. He has been with the company ever since, except for two and a half years in the U.S. Army Air Force during WWII.

Duff joined Garrett in 1959 as a preliminary design engineer and became manager of distributor operations in 1981. □

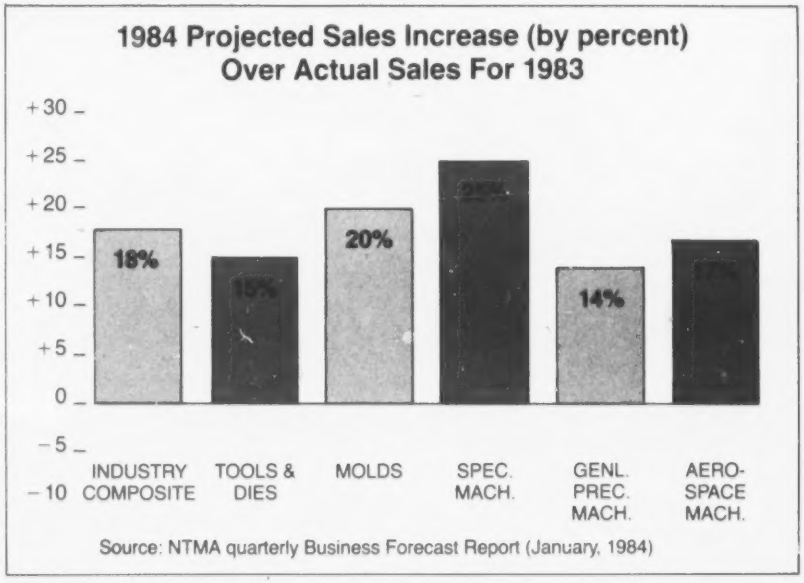
ITC to investigate SKF Industries' patent infringement complaint

KING OF PRUSSIA, PA—The U.S. International Trade Commission has voted unanimously to investigate a complaint of patent infringement filed by SKF Industries against FAG Bearings Corp., Stamford, CT, and FAG Kugelfischer Georg Schafer & Co., Schweinfurt, West Germany.

The complaint alleges that the "E" type spherical roller bearing supplied by FAG infringe the claims of SKF's patent on its "CC" type spherical roller bearing. A ruling favorable to SKF could result in a ban on the importation of "E" type spherical bearings and prohibit FAG from marketing existing "E" bearing inventories.

SKF filed the complaint with the ITC on December 5 of last year and the ITC has 12 months to formulate a ruling. □

1984 NTMA sales forecast to increase 18% over 1983



Source: NTMA quarterly Business Forecast Report (January, 1984)

WASHINGTON—Compared to 1983 figures, over-all sales (shipments) of National Tooling and Machining Assn. member companies are forecast to improve by 18% during 1984, according to the association's January *Business Forecast Report*. This figure compares favorably to the 11% gain in 1984 that had been predicted in previous NTMA reports.

"The NTMA special machines sector is enjoying the sharpest rebound," states the NTMA report. "This sector was extremely depressed, so even a mild upturn can create a relatively large statistical gain."

Shipments for special machines are forecast to increase by 25% in 1984 over last year. Molds should increase by 20% and the tools, dies and fixtures sector is forecast to be up 15%. The aerospace machining and fabrication sector and the general precision machining sector are expected to improve by 17% and 14% respectively this year.

The report stated that "a recently conducted quarterly national telephone survey of selected NTMA member companies . . . indicated that activity in customer requests for quotations has begun to improve. Within the past several weeks there has been a marked pick-up in contract awards; and even more recently we have seen a slight improvement in the quality of contract award prices."

The report cautioned that "despite the general improvement in NTMA related market prospects, certain customer industries continue to be depressed." □

PTDA announces first annual performance award winner

PARK RIDGE, IL—The Power Transmission Distributors Assn. has chosen Stephens-Harris Associates of New Orleans, LA as the winner of the industry's first annual award for performance excellence. The *Trailblazer Performance Award* gives recognition to a member firm of the association whose people excelled in all phases of their operation to generate outstanding productivity.

The winning company's 400% gain in employee productivity over the past few years stimulated a four-fold sales growth, and Stephens-Harris and Associates was given the award for its excellent management strategy and plans under the guidance of its president, Ed Stephens.

The award contest was open to all PTDA member firms, and entrants were asked to describe their methods and efforts that led to improved performance through maximum team effort. A panel of university business professors evaluated the entries.

Key considerations used in evaluating entries included: consistent planning; prac-

[continued on page 20]

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INDUSTRY NEWS...

Indicators . . .

Indicators continue to be mixed. The *NIDA-SIDA Industrial Distribution Index* dropped as it moved from November's 121.0 to December's level of 119.4, a 1.3% decline. The eastern region continued to show improvement, rising 0.4% to 130.3, while all of the other regions declined. The largest downturn, 3.4%, was registered in the midwest. The *NIDA-SIDA Industrial Supply Inflation Index* rose 0.5% in December to 156.3. This was the largest single increase in inflation recorded since February 1983 . . . According to the *SIDA Monthly Sales Trend Report*, sales showed a decline of 4.36 points for November from the previous month. November had sales 21.52 points above November, 1982 and year-to-date figures have 1983's sales 3.3 points ahead of the previous year . . . The *ASMMA New Order Index* was up to 109.1 for November, an increase of 2.5 points, or 2.3%, from the previous month . . . New machine tool sales by distributors were up 36.8% in November from the previous month and the *Distributors New Orders Trend* posted a 6.6% rise from its October level and now stands at 51.4, according to the American Machine Tool Distributors' Assn. Sales of metal cutting machine tools were up 38.5% in November while sales of metal forming machine tools rose 26.2% . . . According to the National Machine Tool Builders' Assn., net new orders declined by 20.9% in November from October totals, and shipments were up 1.4%. Compared to November, 1982 totals, November, 1983's orders were up 81.6% while shipments were down 23.8% . . . The *Welding Supply Index*, compiled by the National Welding Supply Assn., registered 150.9 for November, down 5.0 points, or 3.2%, from the previous month. Despite the decline, the reading is considered indicative of a strong performance when compared with previous similar periods . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* stood at 112.1 for November, up 4.6 points from the previous month. Average daily sales by distributors advanced 3.5% in November when compared with October . . . The *Purchasing Managers' Composite Index*, prepared by the National Assn. of Purchasing Management, registered 67.2% in December.

PTDA awards . . .

tical strategies; percent sales volume growth; company's training and education efforts; customer service with emphasis on first-hand knowledge of customer's needs; and company's code of ethics.

Ray Eurich, Executive Vice President of PTDA, pointed out that by "sharing strategic insights, the association hopes to stimulate other distributors to better plan and sharpen their programs for management excellence." □

John C. Bath retires after 42 years in the cutting tool industry

WORCESTER, MA—John C. Bath has retired from his position as president of John Bath & Co. Bath, with 42 years of service in the cutting tool industry, is presently serving as president of the Metal Cutting Tool Industry, a Cleveland-based association of domestic manufacturers of rotary type metal cutting tools.

Bath joined John Bath & Co. as a trainee in 1942 and gradually assumed increased responsibility until he was appointed president in 1971.

Tom Wright, president, New York Twist Drill Corp., parent company of John Bath & Co., viewed Bath's retirement with mixed feelings, he said. While wishing him well, Wright regretted that his company would be losing a nationally recognized name in the cutting tool industry. □

PTDA elects Roamer new Assn. president

PARK RIDGE, IL—E.C. Roamer, owner and president of Badger Bearing Co., Milwaukee, has been elected to head the 400-member companies Power Transmission Distributors Assn.

Under Roamer's leadership, the PTDA is expected to focus its resources on helping American manufacturers compete more effectively in a world market through added value engineered products and services.

Roamer joined Badger Bearing in 1960 and purchased sole ownership of the 50-employee firm in 1970. □

REGIONAL REPORT

December sales hit new peak

The recovery in yearly comparison sales figures for December surged to another new high in registering an increase of 24% nationwide.

The regions reporting outstanding figures were East North Central, 35%; New England, 26%; South Atlantic, 24%; Middle Atlantic, 17%; and Mountain, 16%.

In area reporting, Wisconsin led the states with 28%, followed by Massachusetts at 24%, Pennsylvania at 16%, and Upstate New York at 13%. There were no negative figures reported, however, Oregon-Washington barely managed a 1% gain which helped pull down the Pacific region's overall figures.

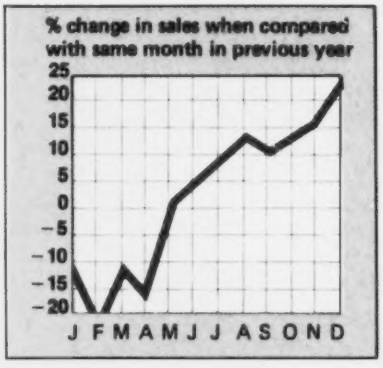
Cumulative Sales for '83 measured against '82, ended the year with a 1% gain. This figure has climbed steadily since reaching its low of −12% last March, still holding to a negative 9% as late as June. It took a very strong second half of '83 to finally bring this figure into the plus column by year's end. The best turnaround figures from a region came from East North Central, 12%; from the states, Ohio, 14%; Wisconsin, 9%; and Massachusetts, 7%.

In the most immediate trend indicator, the monthly comparisons, a small gain of only 1% was reported for December with several negatives scattered throughout the list. Although yearly sales comparisons are still highly favorable, the rate of monthly sales gains has evidently slowed, thus questioning the extent of the expansionary phase following the business recovery.

In receivables, no change is discernible in yearly comparisons nor in comparison to November's figures. □

RECEIVABLES*	Dec. '83 Gen.	Dec. '83 Spec.	Dec. '82 Gen.	Dec. '82 Spec.
New England	37	45	42	45
Middle Atlantic	43	46	42	46
South Atlantic	35	36	34	36
East North Central	39	61	39	55
East South Central	—	—	—	—
West North Central	—	39	—	39
West South Central	—	43	—	43
Mountain	—	—	—	—
Pacific	40	36	37	43
National	39	44	39	44

*Average days outstanding



New recovery high in December . . .

SALES BY REGIONS (% change)	Dec. '83 vs Nov. '83 Gen.	Spec.	Both	Dec. '83 vs Dec. '82 Gen.	Spec.	Both	1st 12 mos. '83 vs 1st 12 mos. '82 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	−7	−2	−4	+30	+23	+26	−2	+7	+3
Connecticut	−16	+9	−9	—	—	—	−1	+3	0
Massachusetts	+3	−3	−2	+21	+26	+24	−1	+10	+7
MIDDLE ATLANTIC: NY, NJ, PA	+1	+6	+4	+10	+21	+17	−8	−10	−10
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	+1	+4	+2	+3	+30	+13	−9	−1	−6
Pennsylvania	+12	+8	+9	−22	+13	+16	−8	+6	0
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	−2	+10	+4	+32	+17	+24	−4	+12	+4
Georgia-Florida	—	—	—	—	—	—	—	—	—
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	−5	+4	+2	+34	+37	+35	+14	+9	+12
Indiana	—	+4	—	—	—	—	—	—	—
Wisconsin	+3	+2	+2	+17	+30	+28	+7	+10	+9
Chicago	—	—	—	—	—	—	—	—	—
Michigan	0	—	—	—	—	—	+10	—	—
Ohio	−14	−6	−12	—	—	—	+17	+8	+14
EAST SOUTH CENTRAL: AL, MS, KY, TN	+7	−5	0	—	—	—	—	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	—	−8	—	—	+5	—	—	+4	—
WEST SOUTH CENTRAL: AK, LA, OK, TX	—	+8	—	—	+13	—	—	−10	—
Texas	—	+11	—	—	+19	—	—	−10	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	−5	+15	+5	+13	+18	+16	+3	+5	+4
PACIFIC: CA, OR, WA	−6	0	−4	+1	+17	+6	−7	+2	−4
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	−4	−4	−4	−3	+8	+1	−11	+	−6
U.S. TOTALS	−4	+5	+1	+27	+22	+24	+1	+	1

ID's QUARTERLY INFLATION INDEX

For the entire year of 1983 the *Silver/**ID*** **Index** of industrial commodities went up by only 2.0%, 30% lower than the 2.6% rise in 1982. But price indexes in plumbing and heating and in electrical commodities in 1983 rose by 4% or more, an inflation rate about 50% higher than their rise in 1982. *The Consumer Price Index* (CPI) also rose by almost 4% in 1983, about the same rate as in 1982. See Table 1.

The substantial rise in housing starts for the entire year of 1983 undoubtedly contributed to the turnaround in the inflation rate in plumbing/heating and electrical products. In January of 1983 unit sales in the *NIDA/SIDA Index* were running 25% below their rate for the same period of 1982, but by November unit sales for the current month were running 10% higher than for the same month in 1982. If the economy continues to improve in 1984 it therefore seems to be reasonable to assume that the prices of industrial commodities stocked by ***ID*** readers will show a higher inflation rate in 1984 than in 1983, although nothing like the annual 8% to 12% rise in the 1979-1981 period.

At a 4% inflation rate, LIFO (no tax on inflation) will again be very attractive for rhw 55% of industrial distributors who have not yet switched from non-LIFO inventory valuation methods according to ***ID***'s survey of operations for 1982 (***ID***, July 1983).

Table 2 shows the inflation indexes for the commodity groups in the Silver/***ID*** *Index*. Only two of the 33 lines in the index went up by more than 6% (plastic products and builders' hardware). Five lines ended the year at lower price levels than a year ago, but only slightly lower. The rest of the active lines rose by 3% or less.

Note our graph showing the annualized rate of price changes for our index from the end of 1981 through the end of 1983, quarter by quarter, the two years for which our index has been published. Note that at the beginning of 1982 the inflation rate was still 7% on an annualized basis. At the end of 1983 the annualized rate was only 1.2%! □

Compiled by Alan Silver Associates, Inc., Highland Park, NJ

Table 1—Comparing Inflation Indexes

	*BLS inflation rates (%)			
	Current qtr 12/83 vs 9/83 annualized	Year-to-date 12/83 vs 12/82 annualized	12/83 vs 12/82	12/82 vs 12/81
Silver/*ID* index of 33 industrial product groups	1.2%	2.0%	2.0%	2.6%
NIDA/SIDA index of 19 industrial product groups	3.6%	1.7%	1.7%	3.0%
**PPI index of industrial commodities	1.6%	1.1%	1.1%	1.6%
Avg. of above indexes	2.1%	1.6%	1.6%	2.4%
**PPI index of finished goods (indl/agric)	2.8%	0.7%	0.7%	3.6%
Silver/Wholesaler index of 19 lines (plmgb/htng)	2.4%	4.0%	4.0%	2.3%
Electrical Marketing index of 24 product groups	2.8%	4.2%	4.2%	3.2%
***NAED inflation index: 16 product groups	2.6%	6.6%	6.6%	4.6%
Consumer Price Index	2.4%	3.8%	3.8%	3.9%

*Bureau of Labor Statistics (1967 = 100)
**Producers Price Index (formerly Wholesale Price Index)
***National Assn. of Electrical Distributors (non-BLS) (1973 = 100)
NOTE: All figures are based on BLS unadjusted indexes unless otherwise noted. For the first quarter of each year, the first two columns of figures will be alike. For all other quarters, the first column will be the last quarter annualized, and the second column of figures will be current year-to-date annualized. Upcoming reports will follow the above format.

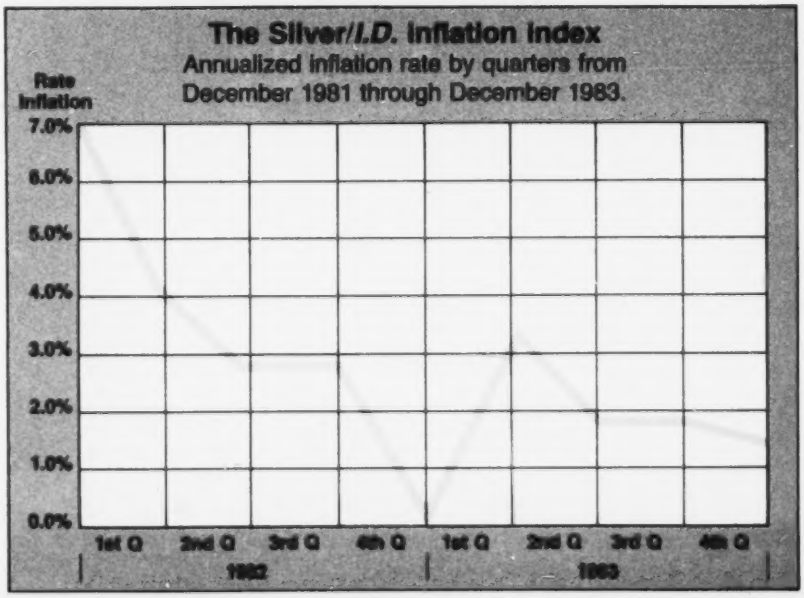


Table 2—ID quarterly inflation index (1967 = 100)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Product category	Current qtr 12/83	Previous qtr 9/83	% inflation	Current qtr. annualized %	Year-to-date 12/83 vs 12/82 %	Year-to-date 12/83 vs 12/82 annualized %	Last 12 months	4th qtr 82	4th qtr 81	Annual inflation 82 %
Industrial oil	—	368.7	—	—	—	—	—	372.9	359.8	3.6
Prepared paint	264.9	264.5	0.2	0.8	−0.1	−0.1	−0.1	265.1	256.7	3.3
*Rubber belts & belting	334.1	329.5	1.4	5.6	1.8	1.8	1.8	328.1	312.3	5.1
Other misc. rubber products	298.2	305.2	−2.3	− 9.2	1.3	1.3	1.3	294.3	277.6	6.0
Plastic construction products	170.2	169.9	0.2	0.8	11.2	11.2	11.2	153.1	153.4	−0.2
Semi-finished steel products	370.0	371.1	−0.3	− 1.2	0.4	0.4	0.4	368.7	347.5	6.1
Wire & cable	201.5	203.8	−1.1	− 4.4	1.7	1.7	1.7	198.1	206.7	−4.2
Electric wire & cable	103.2	103.2	0.0	0.0	3.2	3.2	3.2	100.0	—	—
Building wire & cable	104.9	107.9	−2.8	−11.2	4.9	4.9	4.9	100.0	—	—
Builders hardware	290.7	289.0	0.6	2.4	6.6	6.6	6.6	272.6	266.1	2.4
*Hand tools	351.0	345.4	1.6	6.4	2.6	2.6	2.6	342.1	323.3	5.8
*Misc. metal products	289.3	287.7	0.6	2.4	0.2	0.2	0.2	288.7	281.4	2.6
Industrial safety eq.	133.5	134.3	−0.6	−2.4	2.2	2.2	2.2	130.6	125.1	4.4
*Bolts, nuts, screws & rivets (fasteners)	271.7	266.6	1.9	7.6	0.6	0.6	0.6	270.0	269.3	0.3
*Power-drive hand tools	220.9	220.4	0.2	0.8	−0.3	−0.3	−0.3	221.6	214.7	3.2
Welding machines & eq.	273.2	273.0	0.1	0.4	0.04	0.04	0.04	273.1	270.0	1.1
*Cutting tools & accessories	275.8	275.3	0.2	0.8	1.4	1.4	1.4	272.1	263.9	3.1
Precision measuring tools	244.4	245.5	−0.4	−1.6	1.2	1.2	1.2	241.5	233.1	3.6
*Abrasive products	305.2	303.7	0.5	2.0	2.3	2.3	2.3	298.4	285.7	4.4
Metal cutting machine tools	379.3	377.5	0.5	2.0	1.8	1.8	1.8	372.7	359.1	3.8
Metal forming machine tools	422.6	415.5	1.7	6.8	2.6	2.6	2.6	411.8	389.2	5.8
Pumps, compressors & eq.	346.3	345.8	0.1	0.4	−0.5	−0.5	−0.5	348.2	338.2	2.9
Fluid power eq.	254.3	253.8	0.2	0.8	2.2	2.2	2.2	248.9	234.0	6.4
*Industrial material handling eq.	286.5	285.3	0.4	1.6	−0.1	−0.1	−0.1	286.9	284.6	0.8
*Mechanical power transmission eq.	320.4	315.6	1.5	6.0	2.7	2.7	2.7	312.0	306.6	1.8
*Metal valves, (except fluid power)	100.1	99.5	0.6	2.4	0.1	0.1	0.1	100.0	—	—
*Metal pipe fittings	103.3	100.8	2.5	10.0	3.3	3.3	3.3	100.0	—	—
Ball & roller bearings	333.2	332.2	0.3	1.2	−0.6	−0.6	−0.6	335.3	321.6	4.3
Plain bearings	260.0	263.5	−1.3	− 5.2	1.2	1.2	1.2	257.0	271.6	−5.4
Wiring devices	341.9	336.6	1.6	6.4	4.3	4.3	4.3	327.8	318.9	2.8
Electrical instruments	274.8	274.8	0.0	0.0	4.9	4.9	4.9	261.9	243.8	7.4
Electric motors	—	—	—	—	—	—	—	298.8	284.1	5.2
Generators & generator sets	—	—	—	—	—	—	—	331.1	359.8	−8.0
*NIDA/SIDA composite	299.1	296.3	0.9	3.6	1.7	1.7	1.7	294.2	285.5	3.0
Silver/ID composite	290.8	289.9	0.3	1.2	2.0	2.0	2.0	285.2	278.1	2.6

*Included in NIDA/SIDA composite

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NOTE

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Cov. 1, p. 3, 6, 33, F9,

F11, 93.

Industrial Distribution

April 1984

Hotline:
Purchasing managers see slowdown but expect the recovery to continue

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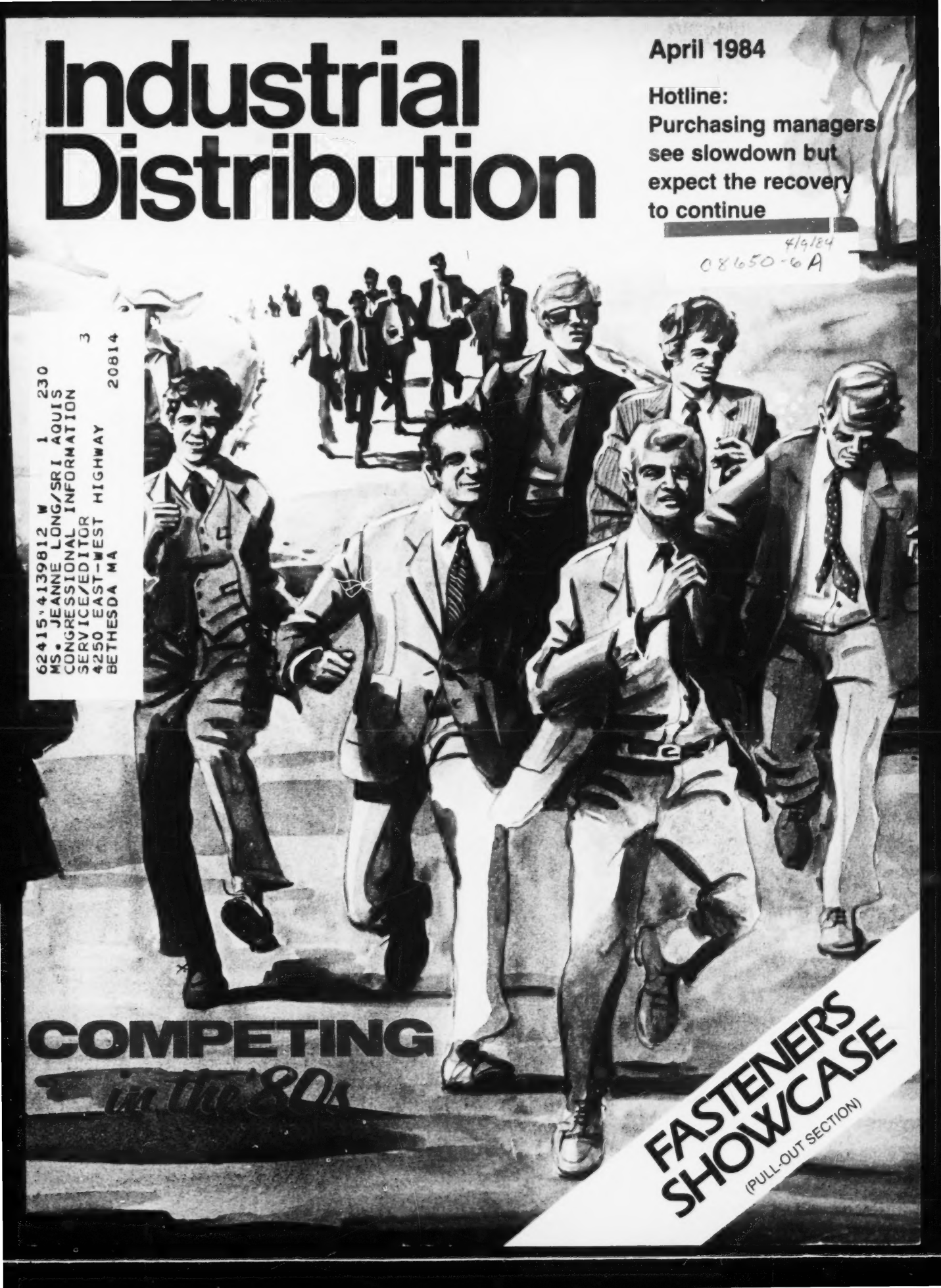
MS. JEANNE LONG/SRI AQUIS
CONGRESSIONAL INFORMATION SERVICE/EDITOR 3
4250 EAST-WEST HIGHWAY
BETHESDA MA 20814



COMPETING in the '80s

FASTENERS SHOWCASE
(PULL-OUT SECTION)

Industrial Distribution

George J. Berkwitt, chief editor
875 Third Ave., New York, NY 10022
(212) 605-9541

Milt Ellenbogen, managing editor
Y.D. Scholar, senior editor
William F. Kelley, associate editor
Mark D. Pellis, associate editor
Rose Fritsch, assistant editor
Allen Pinto, Washington

Linda Rossi-Costa, design director

Joseph Zaccaria, circulation manager
Henry Carey, promotion mgr.
Laurie Schnepf, market research director
Dorice B. Terry, mgr. mrktg. services
Lonnie Simpson, administrative asst.

Michal T. Winter, production manager
(212) 605-9637

Kerry J. Cannon, publisher

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INDUSTRY NEWS...

Indicators . . .

The economy continues to appear favorable as most indicators are up. After falling the previous month, the *NIDA-SIDA Industrial Distribution Index* rose sharply in January to a level of 121.7. All regions registered increases with the largest improvement being recorded in the midwestern region, up 15.3 points to 118.8. The *NIDA-SIDA Industrial Supply Inflation Index* continued its upward movement and hit 156.5, a slight increase over last month's 156.3 . . . The *SIDA Monthly Sales Trend Report* for December recorded an increase of 6.38 points over the previous month while showing sales to be 28.41 points ahead of December, 1982. Year-to-date figures place 1983's sales 8.56 points ahead of the previous year . . . The *ASMMA New Order Index* rose 3.5 points to 112.6 in December, up 3.2% from November . . . According to the American Machine Tool Distributors' Assn., sales of new machine tools in the U.S. by distributors fell sharply in December, yet posted the third best sales month of 1983. The *Distributors News Orders Trend* now stands at 52.2. For the year, new machine tools sales topped 1982 by 7.2%. During 1983, the largest gains were posted in the metal forming area, which finished 45.9% ahead of 1982. Sales of metal cutting machine tools showed a 2.4% increase in 1983 . . . Net new orders for machine tools declined 6.0% in December from the previous month, and shipments rose 61%, reports the National Machine Tool Builders' Assn. For the year, machine tool orders rose 13% over 1982, however, shipments dropped 49% from 1982's figures . . . The National Welding Supply Assn's *Welding Supply Index* dropped to 142.2 in December from the previous month's 150.9, a 5.8% decline. Despite this, the *Index* gained 4.9% in 1983 from 1982 . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* stood at 113.4 for December. Based on a December-to-December comparison, the *Index* showed a 12.3% gain in 1983 . . . U.S. consumers remain optimistic about the economy as confidence steadily increases, reports The Conference Board. The *Consumer Confidence Index* showed its fifth consecutive monthly gain in January, rising to 97.8 from December's 95.1.

[continued from page 5]

which will also cause many businesses to be more cautious about committing funds for capital expansion."

The most spectacular gains in profits last year, according to APICS, were registered in the area of durable goods, which recovered from a near-invisible $1.2 billion in the last quarter of 1982 to a $21 billion level in the third quarter of 1983 and an estimated $24 billion in 1983's fourth quarter.

"However," APICS said, "we see very little gain in the durable goods sector for 1984. We look for only a $2 billion increase in durable goods manufacturing profits during the course of 1984."

No recession due

In spite of his negative comments, Evans did not mean to imply that another recession is looming on the horizon. "Indeed, real GNP is expected to increase 3.0% to 3.5% this year in spite of the negative influences of high interest rates and sluggish growth in profits," he said.

Evans advises caution "in the face of those rosy forecasts of over 5.0% GNP growth, particularly in the area of capital spending. It is far more likely that capital spending in real terms will increase 5.0% this year than 10.0%. As a result, Smokestack America will have another relatively disappointing year in 1984." □

Cameron & Barkley opens new facility

CHARLESTON, SC—A new electrical supply facility has been opened in Lancaster, SC, by Cameron & Barkley Co. as a satellite operation of the company's existing branch in Florence.

Managing the new location is Warren L. Tapp, who also manages the Florence branch in addition to another satellite operation at Myrtle Beach. Tapp has been affiliated with Cameron & Barkley, an employee-owned company, since 1962 and has been manager of the Florence branch since 1968. □

Mainline Industrial advances into the bearings business

APPLETON, WI—Mainline Industrial Distributors, a distributor of industrial rubber products and power transmission equipment, has acquired Advanced Bearing Co. of Chicago, a distributor of industrial, automotive, aircraft, transit, and railroad bearings.

The acquisition was an important step in 20-year-old Mainline's continued growth, according to company president Ron Kostelnik. This move gives Mainline an opportunity to move into the bearings industry and to bring bearings products into the Wisconsin marketplace, he said.

"Advanced Bearings has been a well-managed, aggressive company with a good product line, and these products are a natural complement to our power transmission equipment and rubber products business," Kostelnik added.

Donald L. Peters, former president of Advanced Bearings, will remain with Mainline as a vice president and manager of the Advanced Bearing Div. office in Chicago and the Mainline office in Wheeling, IL. □

Baran is president of SGL Lube

ELMWOOD PARK, NJ—Ronald J. Baran is now president of SGL Lube/systems division of SGL Industries Inc. SGL Lube manufactures and markets a line of single point grease feeders and oilers under the LubeSite® brand name.

Baran is a group vice president for the corporation and has direct responsibility for three of SGL's divisions. He continues in the capacity of president of SGL Modern Creative division, a position he attained in 1973. □

Fastener show is on again in Columbus

COLUMBUS, OH—The fourth annual National Industrial Fastener Show & Conference will take place on May 31-June 1 at the Ohio Center and Hyatt Regency, here.

The show will feature 305 exhibits displaying fastener products for industrial, construction and specialty applications such as aerospace, electronics and nuclear energy. Between 3500 and 4000 people are expected to attend and distributors should account for 85% of this number.

Also offered will be a day filled with seminars on subjects that include maintenance repair business, basics of computer operating systems, telemarketing and electronic procurement. □

[continued on page 10]

REGIONAL REPORT

Sales gains hold in January

The first month of '84 saw the strong sales figures recorded in December '83 hold at the same level, a healthy 24%.

With more regions and areas of the country supplying sales figures, the breadth of the gains, as well as the extent nationally, can be recorded.

The Pacific region, for the first time since the economic recovery began, reports double digit gains for both specialists and general liners when compared to January '83. West North Central also reports solid double-digit gains.

In area reporting, Michigan has weighed in with robust sales gains in both categories, as have Wisconsin and Georgia-Florida.

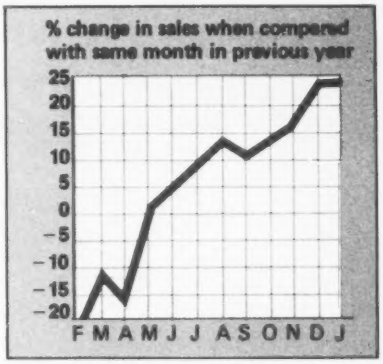
The first month of '84 compared to the first month of '83 shows very substantial gains, dramatically reflecting recovery-sales vs. recession-sales. The figures should be strong in this category until May or June, when the comparisons should diminish in size as recovery sales months will then begin to be compared.

In month-to-month reporting, it appears some regions as well as areas of the country are not able to sustain their sales growth. New England, for example, reported a month-to-month sales gain of 9% in November, then fell to a negative 4% in December, and is a negative 6% in January. In area reporting, Pennsylvania has been the most erratic, having been at a negative 8% month-to-month in November, then up 9% in December, and back down to a negative 12% in January.

For the first time in several months, receivables have declined in both categories. Nationally, both generalists and specialists shaved off a day going from 38 to 37 and 42 to 41 respectively. □

RECEIVABLES*	Jan. '84 Gen.	Jan. '84 Spec.	Jan. '83 Gen.	Jan. '83 Spec.
New England	39	50	42	51
Middle Atlantic	44	45	43	43
South Atlantic	34	34	34	35
East North Central	39	39	40	37
East South Central	—	—	—	—
West North Central	30	38	31	39
West South Central	—	43	—	46
Mountain	—	—	—	—
Pacific	38	41	37	43
National	37	41	38	42

*Average days outstanding



January sales keep high peak . . .

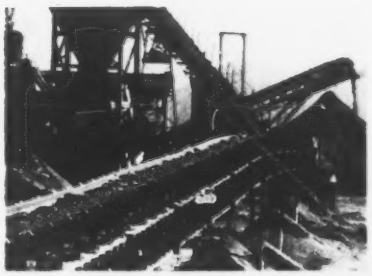
SALES BY REGIONS (% change)	Jan. '84 vs Dec. '83 Gen.	Spec.	Both	Jan. '84 vs Jan. '83 Gen.	Spec.	Both	1st mo. '84 vs 1st mo. '83 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+2	−18	−6	+30	+16	+24	+10	+16	+12
Connecticut	+9	−18	−2	—	+20	—	+11	+21	
Massachusetts	−13	—	—	+8	—	—	—	—	—
MIDDLE ATLANTIC: NY, NJ, PA	+3	−7	−4	+16	+25	+21	+11	+25	+21
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	−1	+13	+5	+14	+26	+19	+14	+26	+19
Pennsylvania	−3	−18	−12	+20	+35	+28	+20	+35	+28
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC,	+4	—	+2	+20	+22	+21	+11	+22	+14
SC, VA, WV	—	—	—	—	—	—	—	—	—
Georgia-Florida	−3	−4	−4	+14	+26	+23	+14	+26	+23
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+13	−5	+2	+36	+26	+30	+36	+26	+30
Indiana	—	−14	—	—	—	—	—	—	—
Wisconsin	+2	−9	−6	+24	+42	+37	+24	+42	+37
Chicago	—	—	—	—	—	—	—	—	—
Michigan	+25	−4	+11	+33	+34	+34	+35	+34	+35
Ohio	+21	−1	+8	—	+16	—	—	+14	—
EAST SOUTH CENTRAL: AL, MS, KY, TN	—	−2	—	—	—	—	—	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	+1	+15	+10	+16	+19	+18	—	+19	—
WEST SOUTH CENTRAL: AK, LA, OK, TX	—	−5	—	—	+10	—	—	−8	—
Texas	—	−8	—	—	+9	—	—	−8	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	—	−7	+2	+23	+21	+23	+22	+21	+22
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	+10	−8	+9	+25	+18	+22	+25	+18	+22
U.S. TOTALS	+5	−3	−1	+25	+22	+24	+20	+19	+20

FASTENERS

The market: no limits

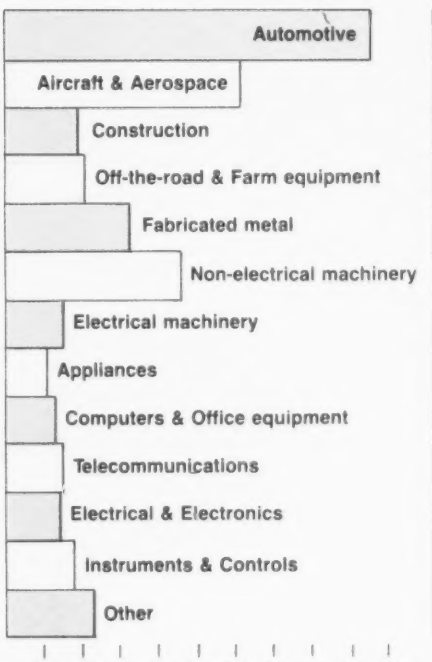
Over the past eight years or so, the fastener industry has changed dramatically due mainly to imports. Today, there are around 250 domestic producers which, according to one source, represents a loss to imports of a whopping 90% of standard fastener shipments comprising 60% of the total U.S. market for all fasteners.

Despite all of the publicity about imports, they have had very little impact on the *user market* served by distributors. In 1982, shipments of industrial fasteners in the U.S. approached $4 billion: 25% to automotive, 16% to aircraft and aerospace, 19% to electrical and electronic and 12% to so-called non-electrical machinery. Construction's consumption was



Where the markets are

(in millions of dollars)



	Total	Bolts	Large Screws	Small Screws	Nuts	No Threads	Air & Space	Other & Specialty
Automotive	954	217	233	144	153	154		53
Aircraft & Aerospace	605						605	
Construction	199	50	45	24	26	44		10
Off-the-road & Farm equipment	203	83	38	14	24	36		6
Fabricated metal	335	87	70	44	67	57		10
Non-electrical machinery	456	146	79	50	68	77		14
Electrical machinery	160	19	16	48	32	40		5
Appliances	113	12	7	56	3	17		17
Computers & Office equipment	140	20	17	53	8	35		7
Telecommunications	160	14	11	56	26	45		8
Electrical & Electronics	148	19	7	52	22	40		7
Instruments & Controls	187	17	4	80	30	47		9
Other	238	55	59	29	36	48		12

Highlights

- Most U.S. producers sell almost exclusively through distributors regardless of size of customer order. Many are small-to-medium plants, job shops, builders, etc.
- Larger customers can be encouraged to buy via contracts or blanket orders.
- This table and some statistics in the text were excerpted from *Industrial Fasteners Market in the U.S.* For more information on the complete study, write Customer Service, Frost & Sullivan, 106 Fulton St., New York, NY 10038.
- Not all of the prospects in the above industries are large.

The market: no limits...

just under 6% due to an industry lull.

Around 15 years ago, it's estimated that only around 15-18% of the industrial fasteners sold in the U.S. flowed through distributors; the rest went direct from supplier to user. Today, reflecting industry's mounting recognition of the distributor's influence in the marketplace, current estimates indicate that at least half of the fasteners sold in non-consumer markets flow through distribution.

The importance of mechanical fasteners has compounded in the U.S. despite advances in welding, brazing and soldering and in industrial-strength adhesives. One reason is the demand by industry for more closely engineered products forced on one hand by requirements for safer, more precise and generally more reliable fasteners and, on the other hand, recognition by producers that competition, mainly by imports, makes it necessary for them to fall back on their special areas of expertise in fastener engineering and special forming capabilities, in cold-heading, forming, upsetting, extruding, thread rolling.

Today's selection of catalogued threaded fasteners (screws, bolts, nuts, etc.) and unthreaded fasteners (dowel pins, anchors, washers, etc.) is as vast as the number of applications. No market is immune to the need for fasteners and few, if any, markets' needs remain unfulfilled. There is literally an off-the-shelf fastener for any common need, from critical electronic assemblies to rough-and-ready bolts to support mine roofs, and no end to made-to-order specials.

Fastening and other types of joining account for 53% of total production time across industry, according to Industrial Fasteners Institute (53 major U.S. and Canadian manufacturers with 130 production facilities). In the electronics industry alone, where tight fits and miniaturization are only two of the factors influencing choice of fasteners, fastening accounts for 70% of production time.

Where does all of this leave the distributor? At this point, his potential fastener outlets are endless. Every on-going plant, every brand new facility completed or under construction, every improvement including equipment installations and maintenance operations, practically every kind of assembly from tooling to computer peripherals—all of these offer profitable marketing possibilities for either one-shot or repeat sales.

Nearly every supervisor, manager or engineer in a commercial or an industrial installation knows more than average about fasteners, has had some experience with them, knows their capabilities and the functions for which they were designed. For that reason, the distributor and his salesman need to focus hardest on those persons who can influence choice of a fastener or a local vendor, the ones who can fill out and sign a requisition, and the PA's who finally backstop it.

The trick, of course is to pull out all stops and present a total merchandising package containing all of the value-addeds you, the distributor, can guarantee. □

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